Labour Market Notes

Alberta labour market softening

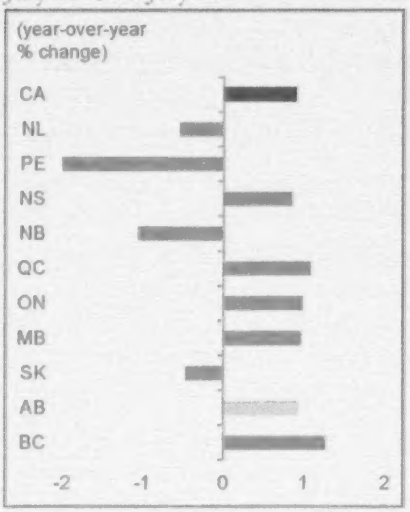
Alberta

- Employment declined for a third straight month in July. Alberta employment fell by 4,300 jobs in July, following a total loss of 11,400 jobs over the previous two months.
- Private sector employment posts losses. Private sector employment fell by 12,500 in July, the third straight monthly loss. Privates sector employment also fell by 3,900 year-over-year, the first decline since April 2010. Self-employment increased by 6,000 in July, and public sector employment increased by 2,400 jobs. Part-time employment fell (-5,900), but full-time employment increased (+1,600).
- Service sector employment dips. July employment losses were concentrated in the service sector (-8,200), but employment in the sector remained up 18,800 year-to-date (YTD). Goods sector employment was up by 4,000, but was down 20,700 jobs YTD. Declines in industry employment were broad-based, led by educational services (-3,800), transportation and warehousing (-3,700), health care and social assistance (-3,300), and accommodation and food services (-3,300).
- Unemployment rate jumps in July. Alberta's unemployment rate increased by 0.3 percentage point to 6.0% in July. The increase was due to declines in employment and the labour force increasing by 4,600. The unemployment rate is 1.5 percentage points higher than in January.
- Employment gains slowing. Year-over-year (y/y) employment was up by 21,000, but gains have been slowing since January 2015. Year-over-year employment growth currently sits at 0.9%, in line with the national average.
- Earnings growth wanes. Average weekly earnings fell for the fourth straight month to $1,153 in May. Year-over-year growth in earnings was a mere 0.2%. Service sector earnings growth has offset declines in goods sector earnings over the past two months. Year-to-date, Alberta earnings are up 1.8%.

Canada

- Employment unchanged. Canadian employment was largely unchanged, up only 6,600 in July. The majority of provinces experienced monthly declines in employment, led by Saskatchewan with 7,400 jobs losses. Quebec, however, increased by 21,700 jobs, partially offsetting losses from last month. Canada has added 161,400 jobs since July 2014, a 0.9% y/y gain.
- Unemployment rate unchanged. The Canadian unemployment rate held steady at 6.8% for the sixth straight month.
- Earnings growth dips. Canadian average weekly earnings fell 0.6% from the previous month to $948 in May. Year-over-year growth was 1.4%, the lowest growth since September 2013. Year-to-date, Canadian earnings are up 2.4%.

Employment Growth by Province, July 2015 vs. July 2014



Source: Statistics Canada

Alberta Labour Market Indicators

Indicator	Latest*
Employment	2,298,200
month-over-month change	-4,300
year-over-year % change	0.9%
Alberta Unemployment Rate (UR)	6.0%
Edmonton UR**	5.7%
Calgary UR**	6.6%
Participation Rate	72.8%
Average Weekly Earnings (AWE)	$1,152.72
year-over-year % change	0.2%
Average Hourly Wage	$29.05
year-over-year % change	3.7%
Job Vacancy Rate***	1.7%

Source: Statistics Canada

* All data is from the Labour Force Survey for July 2015, except AWE which is the May 2015 Survey of Employment, Payrolls and Hours, and the job vacancy rate is for April 2015.

** This indicator is calculated as a three-month moving average and is seasonally adjusted.

*** This indicator is calculated as a three-month moving average and is not seasonally adjusted.

Employment: A tale of two surveys

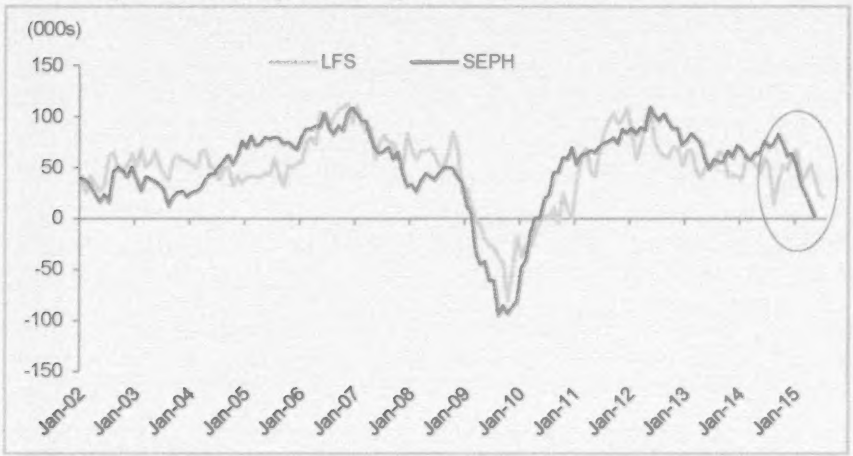
According to the Labour Force Survey (LFS), Alberta employment increased by 7,300 between December 2014 and May 2015, but the Survey of Employment, Payrolls and Hours (SEPH) shows a decrease of over 33,000. This month's Labour InSight examines the difference between current LFS and SEPH employment data.

Methodologies differ, but trends consistent over long term

The LFS and SEPH surveys both provide information on the labour market, but differ in focus. *LFS* is broader and surveys households. It includes all household members, in their province of residence, and those who are self-employed, such as farmers. *SEPH* is a payroll survey. It includes all businesses with at least one employee with a T4 slip, and is based on work-site location.

Historically, the trend in employment for the two surveys has been quite consistent, despite short term fluctuations (Chart 1). During the 2008-2009 Recession, for example, employment in both surveys peaked and bottomed out within a couple months of each other. However, LFS employment fell by 80,800 and SEPH fell by 97,805.

Chart 1: LFS and SEPH tend to display the same trend
Year-over-year level change in employment for LFS and SEPH



Source: Statistics Canada

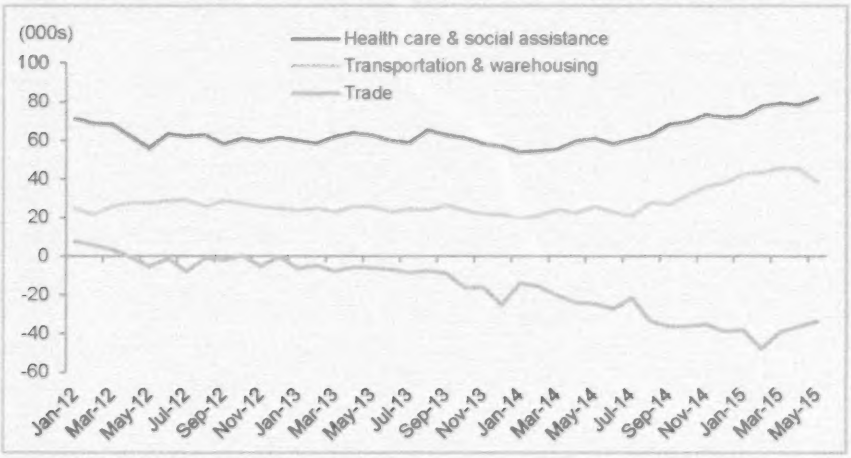
SEPH shows greater losses

So far in 2015, SEPH has shown a clear decline in employment levels, suggesting the labour market has weakened substantially. Headline LFS employment, however, has declined by only 2,000. This is despite underlying weakness in the LFS data, which shows declining employment growth and increasing unemployment.

Industry discrepancies

Three service sector industries show diverging trends between LFS and SEPH: trade, healthcare and social assistance, and transportation and warehousing (Chart 2). The reason for the divergences is unclear. One possibility could be sampling in LFS at the industry level.

Chart 2: The gap between some industries has widened, diverging the trends
Difference between LFS and SEPH employment data by select industries



Source: Statistics Canada

Both surveys have merit

SEPH tends to be less volatile and is based on payroll data, so it is a good gauge of business conditions. The LFS survey, however, is broader, timely and produces the official unemployment rate. Despite differences in headline numbers, it is clear both surveys point to a softening labour market in Alberta.

Have a question or idea for Labour InSight? Send us an *email*.

Contact

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